ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City, through the foreclosure of demolition liens, tax sales and other methods of acquisition, has acquired title to thousands of parcels of vacant land which are costly to clean up and maintain, do not generate property taxes, and are a detriment to the community; and

WHEREAS, the City has an interest in redeveloping these parcels of land and returning them to productive uses, both public and private, for the purposes of strengthening neighborhood vitality and expanding available housing stock, which also includes expanding access to affordable housing; and

WHEREAS, Section 42 of the Internal Revenue Code of 1986 authorizes local housing finance agencies to allocate Low-Income Housing Tax Credits ("Tax Credits") to qualified rental housing developments under the Low-Income Housing Tax Credit Program (the "Program"); and

WHEREAS, the City administers the Program through its Department of Housing, which has implemented a Qualified Allocation Plan ("QAP") to set forth the City's evaluation criteria and process for selecting redevelopment proposals and awarding Tax Credits to redevelopment projects that include plans for affordable housing; and

WHEREAS, as part of the QAP that was issued by the City in 2021 (the "2021 QAP"), Far South CDC, an Illinois not-for-profit corporation ("Developer"), submitted a proposal for a mixed-use commercial and residential redevelopment of a thirteen (13) acre parcel of land located within the boundaries of 114th Street and 115th Street and Halsted Street and the Major Taylor Trail (the "Redevelopment Site"), in the Morgan Park neighborhood of Chicago; and

WHEREAS, the City selected Developer's proposal for the Redevelopment Site as part of the 2021 QAP selection round; and

WHEREAS, the Redevelopment Site, also known as "Morgan Park Commons", is comprised of two City lots, which are further described herein; and

WHEREAS, the first City lot comprising Morgan Park Commons is a 6.5 acre of land improved with a vacant 67,797 square foot Jewel Foods Store building ("Jewel Building"), and is located on the eastern section of the Redevelopment Site, as legally described on Exhibit A attached hereto (the "City Property"); and

WHEREAS, on or about 2023, the then-owner of the City Property, Albertsons Companies, Inc., through its wholly owned subsidiary, Jetco Properties ("Albertson's"), agreed to donate the City Property to the City for public purposes; and

WHEREAS, pursuant to ordinance adopted by the City Council of the City ("City Council") on November 7, 2023, and published in the Journal of the Proceedings of the City Council ("Journal") of that date, at pages 5836 through 5839, the City Council authorized the City to accept the donation of the City Property from Albertson's, on the condition that the City would continue to use the City Property for approximately one (1) year, and that after the one (1) year had lapsed, the Morgan Park Commons redevelopment project would commence; and

WHEREAS, the second City lot comprising Morgan Park Commons is currently owned by the Developer, and it is approximately 6.5 acres of vacant land located on the western section of the Redevelopment Site, as legally described on Exhibit B attached hereto (the "Developer Property"); and

WHEREAS, the redevelopment of Morgan Park Commons is currently anticipated to occur in five (5) phases, with construction plans for each phase preliminarily set forth as follows: (a) demolition of the Jewel Building and Redevelopment Site remediation, grading and utility installation, park landscaping and stormwater retention work, and construction and subsequent dedication of new sections of West 114th Street and West 114th Place, with the street construction to include installation of and upgrades to traffic signals ("Phase 0"), (b) construction of two (2) mixed-income residential buildings along Halsted Street containing a total of seventy (70) dwelling units (with sixty-six (66) of those dwelling units to be affordable housing units, subject to final financing and regulatory requirements) and eighty-one (81) surface parking spaces ("Phase 1"), and (c) Phases 2-4 (still to be determined) may include construction of a performing arts and culinary center, construction of additional residential buildings, and construction of sections of West 114th Place and South Peoria Street, all as allowed by Planned Development 131, as amended, and as depicted in the drawings attached hereto as Exhibit C (the "Project"); and

WHEREAS, the estimated budget for Phase 0 of the Project is $15,000,000.00, as set forth in Exhibit D attached hereto; and

WHEREAS, the Developer was approved for a grant from the State of Illinois Capital Grant Program in the amount of $15,000,000 (the "State Grant") for completion of Phase 0 of the Project, and the State Grant is currently set to expire on January 31, 2027, which may be extended at the discretion of the State of Illinois; and

WHEREAS, Developer also anticipates certain federal funding for Phase 1 of the Project, including, without limitation, funding in connection with certain Chicago Housing Authority ("CHA") project-based voucher assistance, together with any other federally sourced funds or assistance that may be committed to the Project from time to time (collectively, the "Federal Financial Assistance"); and

WHEREAS, because the Developer anticipates receiving Federal Financial Assistance for Phase 1 of the Project, the Redevelopment Site and Project are subject to environmental review under the National Environmental Policy Act, as amended ("NEPA") and the United States Department of Housing and Urban Development ("HUD") environmental review procedures ("HUD Environmental Review Procedures") under 24 CFR Part 58 ("NEPA Review"); and

WHEREAS, pursuant to the HUD Environmental Review Procedures, the City's Department of the Environment ("DOE") is responsible for conducting the NEPA Review on behalf of the City (DOE is the "Responsible Entity"); and

WHEREAS, DOE anticipates that the NEPA Review for the Redevelopment Site will be completed on or about August 2026; and

WHEREAS, neither the City nor the Developer may undertake any activity on the Project that (a) may have an adverse environmental impact on the Redevelopment Site or (b) may limit future changes to the Project that would avoid or minimize environmental impacts (each activity, a "Choice Limiting Action"), until DOE completes the NEPA Review; and

WHEREAS, NEPA Review completion shall mean that the following conditions have been satisfied: (a) DOE makes a Finding of No Significant Impact ("FONSI"), (b) DOE submits the FONSI to HUD for review as part of a Request for Release of Funds ("RROF"), and (c) HUD issues an approval of the RROF (the "Authority to Use Grant Funds") upon its approval of the FONSI; and

WHEREAS, pursuant to 24 CFR §58.32(d), DOE, as the Responsible Entity, must further consider the relationship among all component activities of a multi-year project regardless of the source funds to evaluate environmental impacts (collectively, "Project Aggregation"), and should Developer identify additional funding sources or propose substantial changes to the scope of the Project within five years of the receipt of an Authority to Use Grant Funds at the conclusion of the NEPA Review, then DOE must re-evaluate its environmental findings in accordance with 24 CFR §58.47, regardless if any the future phases receive Federal Financial Assistance; and

WHEREAS, although Phase 0 is currently anticipated to be funded with the State Grant rather than Federal Financial Assistance, Phase 0 is part of the Project for purposes of the NEPA Review and must be evaluated as part of the Project Aggregation; and

WHEREAS, neither the City, the Developer, nor any other participant in the development process may commit Federal Financial Assistance, commit other funds, or undertake any activity with respect to the Project that constitutes any Choice Limiting Action before completion of the NEPA Review and receipt of all required environmental clearances, including, as applicable, issuance of a FONSI, approval of a RROF, and issuance of an Authority to Use Grant Funds; and

WHEREAS, the Developer acknowledges that any action taken before completion of the NEPA Review and receipt of all required environmental clearances is taken at the Developer's sole risk, and that neither this ordinance nor any related redevelopment agreement, land sale agreement, conveyance document, or other Project document shall be construed to authorize the Developer to acquire the City Property, accept conveyance of the City Property, commence construction, perform remediation, undertake site preparation, or otherwise take any Choice Limiting Action before the City has confirmed that all applicable environmental review requirements have been satisfied and the RROF has been approved by HUD and the Authority to Use Grant Funds has been issued; and

WHEREAS, the Developer further acknowledges that any failure to comply with the foregoing limitations, including by taking or causing to be taken any Choice Limiting Action before completion of the NEPA Review, receipt of all required environmental clearances, HUD approval of the RROF, and HUD issuance of the Authority to Use Grant Funds, may constitute a violation of the HUD Environmental Review Procedures and may render the Project, the City Property, the acquisition or disposition of the City Property, Phase 0, Phase 1, or any other component of the Project, and any costs incurred in connection therewith, ineligible for Federal Financial Assistance; and

WHEREAS, the Developer further acknowledges that the City shall have no obligation to provide, commit, disburse, reimburse, or otherwise make available any Federal Financial Assistance for the Project, or to proceed with any transaction or approval that would depend upon the availability of Federal Financial Assistance, if the City determines that the Developer has taken or caused to be taken any Choice Limiting Action before satisfaction of all applicable environmental review requirements, HUD approval of the RROF, and HUD issuance of the Authority to Use Grant Funds; and

WHEREAS, Developer will comply with all mitigation conditions stipulated in the FONSI as part of the construction, development, and operation of the Project, which may also include enrolling the Remediation Site in the Illinois Environmental Protection Agency ("IEPA") Site Remediation Program and constructing the Project in accordance with any Remedial Action Plan approved by IEPA, if required; and

WHEREAS, because the State Grant for construction of Phase 0 expires on January 31, 2027, both the City, by and through its Department of Planning and Development ("DPD"), and Developer wish to complete the conveyance of the City Property as soon as the NEPA Review is complete, HUD has approved the RROF, and HUD has issued the Authority to Use Grant Funds; and

WHEREAS, the City Property has a market value of $695,805.00 based on a market value assessment conducted by CBRE Group, Inc. dated March 29, 2025; and

WHEREAS, The City issued a public notice on April 1, 2025 announcing the City's intent to sell the City Property to the Developer pursuant to the selection of the Developer's proposal in the 2021 QAP round; and

WHEREAS, the City desires to sell the City Property to the Developer for $1.00 per tax parcel (the "Purchase Price") for construction of the Project; and

WHEREAS, the Developer offered to purchase the City Property for the Purchase Price, and DPD desires to convey the City Property to the Developer for the Purchase Price, subject to a deed restriction requiring the Buyer to: (a) comply with any terms as may be set forth pursuant to the NEPA Review and the mitigation conditions stipulated in the FONSI determination; (b) enroll the Property in the Illinois Environmental Protection Agency ("IEPA") Site Remediation Program, if required pursuant to the FONSI determination; and (c) construct the Project in accordance with any Remedial Action Plan approved by IEPA, if required; and

WHEREAS, as a condition of the property conveyance by the City, the Developer will be required to enter into a redevelopment agreement with DPD that will include such terms and conditions as DPD may require, including, but not limited to, any terms that may be required pursuant to completion of the NEPA Review and mitigation conditions stipulated in the FONSI determination, and any terms or conditions as required by the IEPA Site Remediation Program and/or Remedial Action Plan, if required (the "Redevelopment Agreement"), and Developer understands that as additional details of the Project are set forth, the Redevelopment Agreement may need to be amended, or Developer may be required to enter into additional redevelopment agreements, as determined by DPD in its sole discretion; and

WHEREAS, Section 2-44-085 of the Municipal Code of Chicago (the "Affordable Requirements Ordinance" or the "ARO") obligates the City to impose certain affordability requirements upon developers who develop residential projects that include ten (10) or more dwelling units and that receive City assistance in the form of the sale of City land, financial assistance, or certain zoning approvals; and

WHEREAS, the rezoning of the Redevelopment Site to PD 131, as amended, is an entitlement that triggers the requirements of the ARO, however Developer has applied for Tax Credits or other financial assistance as part of the 2021 QAP, and therefore the Project is subject to affordability requirements that exceed the ARO requirements; and

WHEREAS, if the Developer does not receive the Tax Credits or other financial assistance

as contemplated herein, then the Developer shall be obligated to comply with the affordable housing requirements of the ARO; *now therefore,*

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals, findings and statements of fact are incorporated herein and made a material part of this ordinance.

SECTION 2. The City Council hereby approves the sale of the City Property in its "as is" condition to the Developer, or an affiliate of the Developer, for the Purchase Price, upon completion of the NEPA Review and issuance of the Authority to Use Grant Funds, subject to the terms of the mitigation conditions stipulated by the FONSI determination, and any terms or conditions as required by the IEPA Site Remediation Program and/or Remedial Action Plan, if required, and subject to the Developer's or affiliate's execution of the Redevelopment Agreement and any subsequent redevelopment agreement, as necessary or appropriate to carry out and comply with the provisions of this ordinance. If the Developer, or affiliate, fails to close on the acquisition of the City Property within six (6) months after City Council approval of the conveyance, then this ordinance will be rendered null and void and of no further effect, unless the Commissioner of DPD ("DPD Commissioner"), in the DPD Commissioner's sole discretion, extends the closing date. The Developer or affiliate shall pay all escrow fees and other title insurance fees and closing costs.

SECTION 3. The Mayor or the Mayor's proxy is authorized to execute, and the City Clerk or the Deputy City Clerk is authorized to attest, a quitclaim deed conveying the City Property to the Developer or affiliate, in a form acceptable to the Corporation Counsel of the City, and which shall specifically include any requirements set forth pursuant to the conclusion of the NEPA Review and the mitigation conditions stipulated in the FONSI determination, and any terms or conditions as required by the IEPA Site Remediation Program and/or Remedial Action Plan, if required.

SECTION 4. The DPD Commissioner, or a designee of the DPD Commissioner, is each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver such documents as may be necessary or appropriate to carry out and comply with the provisions of this ordinance, with such changes, deletions and insertions as shall be approved by the DPD Commissioner or the DPD Commissioner's designee. Such documents may contain terms and provisions that the DPD Commissioner or the DPD Commissioner's designee deems appropriate, including indemnification, releases, affidavits and other documents as may be reasonably necessary to remove exceptions from title to the City Property or otherwise may be reasonably necessary or appropriate to consummate the transaction contemplated hereby.

SECTION 5. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity of such provision shall not affect any of the other provisions of this ordinance.

SECTION 6. This ordinance shall take effect upon its passage and approval.

Attachments: Exhibit A – Legal Description of City Property
Exhibit B – Legal Description of Developer Property
Exhibit C – Site Plan and Project Phases
Exhibit D – Phase 0 Budget